



Minnesota & Wisconsin State Legislatures

Income Tax Reciprocity Agreement



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District 10

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October 15, 2009

Dear Governor Doyle and Governor Pawlenty,

We are writing to you as representatives of the more than 80,000 Minnesota and Wisconsin taxpayers who will be affected if the tax reciprocity agreement between our two states is terminated.

On October 12, 2009, we met to be briefed on and discuss this issue with non-partisan staff and revenue officials. From that meeting, we found consensus that maintaining a fair and equitable tax reciprocity agreement between the two states is in the best interests of both states and critical to preserving our strong working relationship, enhancing the regional economy, and easing the burden on thousands of our constituents who cross our borders to work.

We respectfully request that you immediately resume negotiations so that an agreement can be reached in the coming weeks that will restore this long-standing tax reciprocity agreement for Minnesota and Wisconsin taxpayers.

We believe the solution must be two-tiered:

- 1) Focus on a short-term solution that will allow the reciprocity to continue after January 1, 2010 by negotiating a more timely payment schedule for which Wisconsin reimburses Minnesota.
- 2) Begin discussing a longer-term solution that will permanently preserve the tax reciprocity agreement. This could include updating the Benchmark Study data used to calculate reimbursements and potentially revise the interest rate applied to Wisconsin's payments.

We are keenly aware of the difficult budget circumstances facing both states. We believe, however, that this fact makes it even more important to strive for a long-term agreement that will support the working relationship and regional economy of which we have been so reliant and benefited from in the past. Working together on this issue will deliver far more long-term benefits than any gains associated with the agreement's termination.

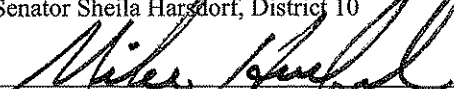
The Minnesota Department of Revenue suggested a solution would be needed by early November in order to effectively alert affected taxpayers and employers before the currently scheduled termination takes place on January 1, 2010. In that light, we hope conversations will begin promptly so action can be taken in the very near future.

Thank you for your work in the past to foster cooperation between our two states and for giving your attention to this important issue affecting both of our states and the people we serve.

Sincerely,



Senator Sheila Harsdorf, District 10



Representative Michael Huebsch, District 94



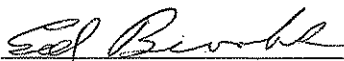
Representative Kitty Rhoades, District 30



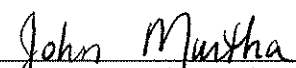
Representative Mary Hubler, District 75



Senator Kathleen Vinehout, District 31




Representative Ed Brooks, District 50



Representative John Murtha, District 29



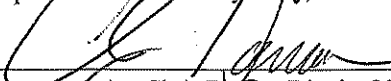
Senator Dan Kapanke, District 32



Representative Lee Nerison, District 96



Representative Ann Hrachovec, District 28



Representative Chris Dandou, District 91




Representative Nick Milroy, District 73



Senator Kathy Saltzman, District 56



Representative Julie Bunn, District 56A



Senator Sharon Erickson Ropes, District 31



Senator Steve Murphy, District 28



Representative Roger Reinert, District 7B




Senator Yvonne Prettner Solon, District 7



Representative Greg Davids, District 31B



Senator Katie Sieben, District 57



Representative Steve Drazkowski, District 28B